

CONFLICT OF INTEREST POLICY

1. INTRODUCTION

Sparebank 1 Markets AS ("**SB1 Markets**") is a Norwegian investment firm under supervision of the Financial Supervisory Authority of Norway ("**Finanstilsynet**") offering investment services to its clients, including trading in shares, bond/certificates, and derivatives. SB1 Markets also provide investment services within equity- and debt financing (investment banking) and publish investment research.

From time to time, SB1 Markets will inevitably find itself in a position where the interest of one client may compete with (i) the interests of SB1 Markets (including any of its employees or affiliates); or (ii) the interest of another client of SB1 Markets. Client is defined as both existing and potential clients of SB1 Markets.

SB1 Markets is committed to have appropriate procedures in order to identify and prevent or manage conflicts of interest arising between the investment firm and its clients, and in between the Clients. Hence, SB1 Markets shall identify potential conflicts of interest and implement procedures to prevent these. This policy gives a summary of the most important areas you should be aware of as a client. Potential conflicts of interest, as well as general procedures that are implemented to prevent these types of conflicts, are identified below. SB1 Markets' procedure of actions in any possible conflict of interest are briefly described in this policy.

2. GENERAL TYPES OF POTENTIAL CONFLICT OF INTEREST

Conflicts of interest may appear as a part of SB1 Markets' business, including an employee providing investment services to a client, proprietary trading, where an employee of SB1 Markets is trading in financial instruments as well as financial advisory and financing services where SB1 Markets are acting as an underwriter.

SB1 Markets is owned by Spare Sparebank 1 SMN (66,7%), Sparebank1 Nord-Norge (12,2%), Sparebank 1 Østlandet (5,8%), SpareBank 1 SR-Bank ASA (5,6%) and by cooperative savings banks (owner banks). As a consequence of SB1 Markets' relation to Sparebank 1 Alliance, there is an increased risk of conflict of interest arising when SB1 Markets is acting as an underwriter in placements of financial instruments for owner banks/alliance banks or when other clients have loan in one of the owner banks or alliance banks. The list below includes common types of conflicts of interest concerning investment services and other relating services.

- Employees in SB1 Markets can have incentives to provide their clients with investment advice which is not in accordance with the Client's suitability test, in order to provide financial gain for the company and own bonus.
- Employees in SB1 Markets can have incentives to provide their clients with increased expenses relating to investment services, e.g. too large spread on bonds or other financial instruments where pricing information is not easily available, in order to provide financial gain for the company and own bonus.
- Employees in SB1 Markets can have incentives to provide their clients with investment advice in a specified financial security where the client has a significant amount of shares that has an impact of own financial situation.
- SB1 Markets can have incentives to execute cross trade towards the order book instead of a client, when the client could receive best execution in the market, in order to provide financial gain for the company.
- Employees in SB1 Markets can have incentives to not achieve best execution and not comply with the general business terms and conditions in execution of orders on behalf of clients, (e.g. trades in derivatives, exchange rates, or other complex financial instruments where pricing information is not easily available), in order to provide financial gain for the company and own bonus.
- Two clients with the same order. The "best" client prioritizes instead of the client that gave the order to execution first.
- SB1 Markets can have additional incentives to provide investment services on behalf of clients where the issuer is part of the Group or one of the alliance banks, which is represented by the investment-banking department in SB1 Markets.
- SB1 Markets can have additional incentives to provide its clients with financial instruments where the issuer, represented by SB1 Markets' investment-banking department, is a loan client in a bank that is part of the Group or one of the alliance banks.

3. PROCEDURES TO PREVENT CONFLICT OF INTEREST

Sparebank 1 Markets has implemented several general procedures in order to prevent conflicts of interest as well as procedures for managing these types of conflicts. The most important procedures is explained below.

Organization:

SB1 Markets is organized in order to secure sufficient degree of identification of conflicts of interest as well as procedures for managing these conflicts. It is constructed an engagement committee to evaluate the projects and responsibilities taken by SB1 Markets, including to ensure that there is no or not occurring any conflicts of interest, and, in the case where a conflict of interest is inevitably, conclude on how to manage these conflicts of interest. SB1 Markets is also organized into different departments, with own head of department, which secures the separation between departments providing investment services in the primary market and departments providing investment services in the secondary market.

Information processing:

SB1 Markets has implemented routines for addressing and managing confidential information as well as routines for safe processing of inside information. These routines assures that only employees with official needs have access to information. Furthermore, all employees and union representatives is subject to confidentiality concerning information provided through SB1 Markets' businesses, including client relationships.

Information barriers:

SB1 Markets has implemented a detailed routine and organized the investment firm in order to prevent confidential information, including inside information, known by certain employees at SB1 Markets accrue to employees in another part of the investment firm (information barriers). The information barriers mitigate the risk of potential conflicts of interest and prevent dissemination of confidential information across different business units of SB1 Markets. First of all, there is established *physical* information barriers between the investment banking department and the other departments in SB1 Markets where only employees with electronical keycard have access to the investment banking department. Furthermore, there is established *electronical* information barriers by organizing the different departments of SB1 Markets into separate entities in SB1 Markets' IT-systems. The investment banking department have their own printers with security code and all documents related to advisory and financing services is saved in separate folders with access control in the IT-system.

Other measures to prevent conflict of interests

SB1 Markets has established schemes for notification and reporting under suspicion or ascertainment of violation of laws, regulations, other public regulations or internal routines.

Furthermore, there are ethical guidelines for employees at SB1 Markets, including eligibility restrictions, which prevent employees from participating in the consideration and decision of cases where one itself or closely related persons have financial or personal interest in the outcome.

It is also established specified routines for employees working with investment research and investment advisory to ensure their independence. Furthermore, there are routines for research analysts' assistance to the investment banking department, including situations where analysts are given access to inside information.

SB1 Markets' remuneration scheme is formed in order to prevent employees extensively to be dependent of individual projects or distribution of individual securities.

4. MANAGING CONFLICT OF INTERESTS

SB1 Markets seeks to meet the appropriate procedures to prevent or manage identified conflicts of interest between the investment firm and its clients, and in between the Clients. These procedures are implemented to maintain the client's best interests. If these procedures, including the organization and the information barriers, not with certainty are preventing the risk of affecting the client's interests, SB1 Markets will inform its clients of the potential conflict of interest or possibly dispense with taking the mandate. Furthermore, analysts are obligated to inform about any relationship that with certainty is likely to affect its objectivity, including information about mandates conducted by SB1 Markets that is described in public investment recommendations.